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# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

# 15th Annual Report

For the year ended September 30, 1967

## ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of the Company will be held on Monday, December 11, 1967 at 11:00 a.m. in the Thompson Room of the Bayshore Inn Hotel, Vancouver, B.C.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

**AUTHORIZED CAPITAL**
5,000,000 Common Shares
Par Value $2.00 each

**ISSUED**
4,780,016

**REMAINING IN TREASURY**
219,984

**DIRECTORS**

| | |
|---|---|
| D. B. ARMSTRONG | Vancouver |
| R. J. ARMSTRONG | Montreal |
| W. G. JEWITT | Victoria |
| A. W. JOHNSTON | Toronto |
| R. T. HAGER | Vancouver |
| J. A. McLALLEN | Vancouver |
| P. M. REYNOLDS | Vancouver |
| J. E. R. WOOD | Vancouver |
| H. M. WRIGHT | Vancouver |

**OFFICERS**

| | |
|---|---|
| W. G. JEWITT | President |
| R. T. HAGER | Vice-President |
| F. A. ROBERTSON | Secretary-Treasurer |

**GENERAL MANAGER**
J. B. MAGEE

**SOLICITORS**
LAWRENCE, SHAW, STEWART & McLOUGHLIN
Vancouver

**REGISTRAR and TRANSFER AGENT**
EASTERN & CHARTERED TRUST COMPANY
Vancouver
Toronto

**AUDITORS**
McDONALD, CURRIE & CO.
Chartered Accountants
Vancouver

**BANK**
CANADIAN IMPERIAL BANK OF COMMERCE
Vancouver, Campbell River, Nelson

**HEAD OFFICE**
1290 ONE BENTALL CENTRE, 505 BURRARD STREET
Vancouver, B.C.

**SHARES OF THIS COMPANY ARE LISTED**
Vancouver Stock Exchange
Toronto Stock Exchange
Canadian Stock Exchange

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

**AND WHOLLY-OWNED SUBSIDIARY COMPANIES**

## 15th annual report of the board

**TO THE SHAREHOLDERS:**

### CONSTRUCTION

All major items of the plant described in last year's report comprising mine plant, concentrator, hydro-electric power plant, access road, dock and loading facilities were completed late in 1966. Operations commenced early in 1967 and the full rate of treatment was attained by April 1. Since that time the concentrator has averaged approximately 98.8% of operating time.

Partly on account of financial difficulties described later in this report, it was not possible to proceed with the permanent mine camp. The provision of various items of mine equipment and mine preparation were deferred for the same reason.

### PRODUCTION

From commencement to September 30, 1967, 230,036 tons of ore were milled averaging .07 oz. gold, 2.0 oz. silver, 1.9% copper, 0.8% lead, 8.2% zinc. Production totalled 14,570 tons of copper concentrate, 23,772 tons of zinc concentrate and 1,815 tons of a bulk lead-zinc concentrate. Difficulties developed in the production of the scheduled grade of concentrates and production of the bulk concentrate was discontinued in March, 1967. Intensive investigations resulted in overcoming most of the metallurgical problems and satisfactory copper and zinc concentrates have been produced since early in August. In September copper recovery averaged 82.1% and zinc recovery 89.7%. Testing is continuing and further improvement is anticipated.

The open pit provided 82% of the mill feed, 10% coming from underground and 8% from pre-production stockpiles.

### MINE DEVELOPMENT

During the year 11,953 feet of lateral development and raising and 43,510 feet of diamond drilling were completed. Comparable figures for the previous year are respectively 5,027 feet and 53,981 feet. The intensive lateral development and surface exploration programme necessary for the full investigation of the property was deferred in order to maximize the cash flow.

Between the Lynx and the Paramount, drill holes from the surface located bedrock in the Myra Creek valley and established that 13 level on the Lynx can be extended beneath the valley to the Paramount.

### ORE RESERVES

**Ore Reserves**—as at September 30, 1967

| | Tons | Copper % | Lead % | Zinc % | Gold oz./ton | Silver oz./ton |
|---|---|---|---|---|---|---|
| **Lynx Mine** | | | | | | |
| Proven Plus Probable | 1,285,000 | 2.0 | 0.8 | 8.7 | 0.06 | 2.0 |
| **Paramount Mine** | | | | | | |
| Proven Plus Probable | 37,000 | 0.8 | 1.7 | 9.2 | 0.06 | 3.6 |
| TOTAL | 1,322,000 | 2.0 | 0.8 | 8.7 | 0.06 | 2.0 |

In addition 447,000 tons are classed as "possible" ore, the information on ore in this category being insufficient to justify adding it to the ore reserves. However, further development is likely to transfer a substantial portion of this "possible" ore to the ore reserve classification. In addition, ore extensions laterally and to depth at the Lynx and Paramount, and surface exploration in at least two other locations on the property, are reasonably sure to develop further ore reserves. As previously mentioned, an extensive programme of exploration ultimately will be necessary to explore the full potential of the property.

Diamond drilling during the year obtained ore extensions down to 13 level. Drilling below that level totalling 2,700 feet so far has failed to develop ore but the holes are widely spaced and much lateral development as well as diamond drilling remains to be done.

Included in the foregoing tabulation are open pit ore reserves totalling approximately 406,000 tons.

The ore reserve estimate this year cannot be compared directly with previous estimates owing to a change in the method of calculation, made advisable by operating experience. Development during the year actually added about 433,000 tons to ore reserves. After subtracting production for the year this is a net gain of approximately 203,000 tons.

### FINANCIAL

The gross value of concentrates produced in the eight months' period ended September 30, 1967 was $6,273,373. Net income after providing for all operating costs, interest on long term debt and depreciation was $861,344. Operations for the month of January have not been included in the earnings statement because of their preliminary nature.

The method to be used in writing off preproduction expense is outlined in Note 5(c) of the Notes to the Consolidated Financial Statements. The procedure employed by Bethlehem Copper Corporation Ltd. in writing off their preproduction expense and which was proven to be a satisfactory method was used as a precedent.

The Federal Taxation Division has not yet set the date of the commencement of the three-year tax exempt period.

In 1965, 5¾% Series A Debentures totalling $4,000,000 and 6% Income Debentures totalling $7,000,000 were issued in order to finance the cost of bringing the mine into production. In September, 1966 it was apparent that an over-expenditure would occur and 250,000 common shares were sold, the net to the treasury being $1,012,500.

The reasons for the over-expenditure were outlined in a Statement to Shareholders dated June 30, 1967, which accompanied a notice of an extraordinary meeting of shareholders, the major reasons being

(a) a six-month delay in completion of the plant, caused by delays in the delivery of plant and equipment and by construction labour strikes, and

(b) a substantial escalation in the cost of both labour and materials.

In addition, although 80% of the value of the concentrates delivered to our Campbell River Dock is advanced by Philipp Brothers (Canada) Ltd., the slowness of final settlements plus the cost of inventories have required a substantial increase in working capital requirements.

In June, 1967 it was evident that further funds would be required and an extraordinary meeting of shareholders was called for July 14, 1967 to approve a proposal to increase the capitalization of the Company by 1,000,000 shares and to sell an unstated number of these shares pro rata to shareholders at $2.00 per share. Unfortunately the two companies proposing to underwrite the issue withdrew their offer, pending a re-examination of the Company's situation, and the meeting was adjourned before any action was taken. The Company was unable to meet the first repayment of principal on the Series A Debentures due July 15, amounting to $426,000 and on August 15, 1967 the Canadian Imperial Bank of Commerce, holders of the Series A Debentures, notified the Company it was in default.

Subsequently at a meeting of Debenture holders on September 27, 1967 the default was waived and the schedule of payments on the Series A Debentures deferred for six months. In return the Company agreed to an increase in interest on the Series A Debentures from 5¾% to 6¾% and an increase in interest on the Income Debentures from 6% to 6½%.

The following is quoted from a statement made to the Debenture holders on September 27:

"Forecasts of profits for the next eighteen months indicate that the Series A Debentures will be retired in the first quarter of 1969, and assuming these forecasts are realized the accrued interest on the Income Debentures amounting to approximately $1,240,000 will be paid when due on June 15, 1968. Repayment of the Income Debentures will be due to commence immediately after the Bank is repaid. Repayment in full is due June 15, 1973.

After the end of the eighteen-month period, profits will be lower because of the depletion of open cut ore and the necessary change to production from underground sources. The underground orebodies are expected to produce a mill feed of somewhat better grade than the open pit. At the same time, costs will increase due, in part, to the irregular nature of the shoots and the strongly sheared, generally heavy ground in which they occur. Until some experience has been gained in underground mining it is not possible to make a forecast of profits. Limited underground operations during the coming year are expected to provide useful information in solving that problem.

Eventually, a greatly intensified programme of exploration and development will be necessary to fully investigate the ore possibilities of the property."

## GENERAL

Mine tailings are being deposited at the bottom of Buttle Lake and tests indicate there is no harmful result. This conforms to results in at least two other locations in British Columbia where similiar mill tailings are similarly deposited. Dr. G. B. Langford, a well known authority, is conducting an impartial survey of the situation on behalf of the three parties concerned.

Effective May 23, 1967, Mr. H. M. Wright resigned as President, being replaced by the present incumbent. Mr. E. C. Hammond retired as Director on May 23, 1967. As with Mr. Wright, Mr. Hammond had been a director since the organization of the Company in 1951 and your Directors wish to express their appreciation of Mr. Hammond's and Mr. Wright's untiring efforts on behalf of the Company. Mr. Wright is continuing as a Director.

The appointment of Mr. C. M. Campbell, Jr. as General Manager terminated on September 30. He was succeeded by Mr. J. B. Magee.

As in previous years, no Directors' fees were paid by the Company.

On behalf of the Board,

**W. G. JEWITT,**
President.

Vancouver, B.C.
November 1, 1967.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

## consolidated balance sheet as at september 30, 1967

### ASSETS

| | 1967 $ | 1966 $ |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | 318,527 | 55,997 |
| Project fund (note 2) | 96,557 | 292,878 |
| Accounts receivable—sundry | 27,804 | 22,547 |
| Concentrate settlements receivable, at estimated realizable value (note 3) | 396,227 | |
| Concentrate inventories (for which a sales contract has been made) — at estimated net realizable value (less purchaser's advances thereon of $412,637) | 540,710 | |
| Mine materials and supplies—at average cost | 289,922 | 87,744 |
| Prepaid expenses | 120,219 | 7,546 |
| | 1,789,966 | 466,712 |
| **INVESTMENT**—at cost, no quoted market value (note 1) | 4,930 | 4,930 |
| **FIXED ASSETS** | | |
| Plant and equipment (note 4) | 8,799,308 | 7,318,652 |
| Idle plant—at cost less accumulated depreciation and proceeds of disposals (note 4) | 392,545 | 392,650 |
| Mining properties—at cost (notes 1 and 4) | 853,618 | 853,618 |
| | 10,045,471 | 8,564,920 |
| **DEFERRED PREPRODUCTION EXPENSE** (notes 1 and 5) | 10,083,614 | 8,462,851 |
| | 21,923,981 | 17,499,413 |

The accompanying notes are an integral part of this statement.

SIGNED ON BEHALF OF THE BOARD:

**W. G. JEWITT, Director**

**R. T. HAGER, Director**

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

AND WHOLLY-OWNED SUBSIDIARY COMPANIES

## consolidated balance sheet as at september 30, 1967

### LIABILITIES

| | 1967 $ | 1966 $ |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | 959,927 | 1,378,414 |
| Long-term debt maturing within one year (note 6): | | |
| Bank loan, mortgages and contracts | 1,052,750 | 204,030 |
| Interest on income debentures | 918,750 | |
| | 2,931,427 | 1,582,444 |
| **LONG-TERM DEBT** (note 6): | | |
| Bank loan—secured | 4,000,000 | 2,300,000 |
| Income debentures maturing 1973 (with accrued interest of $918,750 - 1967; $490,000 - 1966) | 7,918,750 | 7,490,000 |
| Province of British Columbia | 731,500 | |
| Mortgage loans and contracts payable | 220,435 | 111,474 |
| | 12,870,685 | 9,901,474 |
| Less: Long-term debt maturing within one year | 1,971,500 | 204,030 |
| | 10,899,185 | 9,697,444 |
| | 13,830,612 | 11,279,888 |
| **SHAREHOLDERS' EQUITY** | | |
| **CAPITAL STOCK** | | |
| Authorized— 5,000,000 common shares with a nominal or par value of $2 each | | |
| Issued and fully paid (notes 7 and 8)— 4,780,016 shares | 7,270,609 | 6,258,109 |
| **RETAINED EARNINGS** (note 14): | | |
| Deficit—beginning of year | 38,584 | 38,584 |
| Less: Net earnings for the eight months ended September 30, 1967 | 861,344 | |
| Balance—end of year | 822,760 | 38,584 |
| | 8,093,369 | 6,219,525 |
| | 21,923,981 | 17,499,413 |

## auditors' report

To the Shareholders of Western Mines Limited (Non-Personal Liability) and wholly-owned subsidiary companies.

We have examined the consolidated balance sheet of Western Mines Limited (Non-Personal Liability) and wholly-owned subsidiary companies as at September 30, 1967, and the consolidated statements of earnings, retained earnings and use and source of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Generally accepted accounting principles applied to mining require that preproduction expenses be amortized by charges to income in amounts and over periods which can vary according to the rate at which proven and probable ore reserves will be absorbed into production. Although the Company's mine came into production during the year no such charge has been made to income. In our opinion the earnings of the period from February 1 to September 30, 1967, would have been reduced by approximately $1,300,000 if preproduction expenses had been so amortized.

Subject to the qualification set out in the preceding paragraph, in our opinion, these consolidated financial statements present fairly the consolidated financial position of the companies as at September 30, 1967, and the consolidated results of their operations and the use and source of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
November 6, 1967.

**McDONALD, CURRIE & CO.,**
Chartered Accountants.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

**AND WHOLLY-OWNED SUBSIDIARY COMPANIES**

## consolidated statement of earnings

**for the eight months from february 1, 1967 to september 30, 1967**

| | | $ |
|---|---|---|
| **REVENUE FROM CONCENTRATES PRODUCED** | | 6,273,373 |
| Less: Treatment and marketing costs | | 1,734,310 |
| | | 4,539,063 |
| **EXPENDITURES** | | |
| Cost of concentrate production | 2,606,517 | |
| Administrative costs (note 13) | 241,970 | 2,848,487 |
| **OPERATING INCOME** | | 1,690,576 |
| **OTHER EXPENSES** | | |
| Interest on long-term debt | 496,335 | |
| Depreciation | 332,897 | 829,232 |
| **NET EARNINGS FOR THE EIGHT MONTHS ENDED SEPTEMBER 30, 1967** (notes 5(c) and 10) | | 861,344 |

The accompanying notes are an integral part of this statement.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

**AND WHOLLY-OWNED SUBSIDIARY COMPANIES**

## consolidated statement of use and source of working capital

**for the year ended september 30, 1967**

| | 1967 $ | 1966 $ |
|---|---|---|
| **USE OF WORKING CAPITAL** | | |
| Preproduction expenses (note 9(a)) | 1,469,395 | 3,544,256 |
| Purchase and construction of plant and equipment—net | 1,793,316 | 5,533,753 |
| Increase in long-term debt maturing within one year | 1,767,470 | 200,000 |
| Cost of staking mineral claims | | 120 |
| | 5,030,181 | 9,278,129 |
| **SOURCE OF WORKING CAPITAL** | | |
| Operations (note 9(b)) | 1,482,991 | |
| Bank loans | 1,700,000 | 2,300,000 |
| Mortgages and contracts | 108,961 | 73,785 |
| Sale of shares (note 7(b)) | 1,012,500 | 42,500 |
| Province of British Columbia | 700,000 | |
| | 5,004,452 | 2,416,285 |
| **DECREASE IN WORKING CAPITAL** | 25,729 | 6,861,844 |
| **WORKING CAPITAL (DEFICIENCY)—BEGINNING OF YEAR** | (1,115,732) | 5,746,112 |
| **WORKING CAPITAL DEFICIENCY—END OF YEAR** | 1,141,461 | 1,115,732 |
| **REPRESENTED BY:** | | |
| Current liabilities | 2,931,427 | 1,582,444 |
| Less: Current assets | 1,789,966 | 466,712 |
| | 1,141,461 | 1,115,732 |

The accompanying notes are an integral part of this statement.

# WESTERN MINES LIMITED

(NON-PERSONAL LIABILITY)

**AND WHOLLY-OWNED SUBSIDIARY COMPANIES**

## notes to consolidated financial statements

**for the year ended september 30, 1967**

### 1. VALUES

The amounts shown for investment, mining properties and preproduction expenses represent costs to date and are not intended to reflect present or future values.

### 2. PROJECT FUND

This fund is made up of short-term investments plus accrued interest and is to be used for the payment of interest on the $4,000,000 bank loan.

### 3. CONCENTRATE SETTLEMENTS RECEIVABLE

Concentrate settlements receivable are valued at the metal prices prevailing at the time of shipment. In accordance with the terms of the sales contract, final settlements are made at prices prevailing at a future date and the amounts which will be received by the Company may vary from those amounts shown as concentrate settlements receivable at September 30, 1967.

### 4. FIXED ASSETS

(a) Plant and equipment, construction in progress and related accumulated depreciation are classified as follows:

| | 1967 | | | 1966 |
|---|---|---|---|---|
| | Cost<br>$ | Accumulated depreciation<br>$ | Net<br>$ | Cost<br>$ |
| Vancouver Island | | | | |
| Plant and equipment | 8,813,193 | 317,059 | 8,496,134 | 3,378,882 |
| Staff housing | 311,487 | 15,574 | 295,913 | 177,922 |
| Construction in progress | | | | 3,758,100 |
| Head Office equipment | 7,525 | 264 | 7,261 | 3,748 |
| | 9,132,205 | 332,897 | 8,799,308 | 7,318,652 |

Depreciation of plant and equipment, except the idle Ainsworth plant, is at the rate of 5% per annum and automotive equipment is at the rate of 20% per annum, both computed on a straight line basis from February 1, 1967. No depreciation has been taken on the idle Ainsworth plant.

(b) The cost of mining properties as at September 30, 1967 is as follows:

| | $ |
|---|---|
| Vancouver Island | 193,868 |
| Ainsworth, B.C. | 659,750 |
| | 853,618 |

### 5. PREPRODUCTION EXPENSES

(a) The balance of preproduction expenses as at September 30, 1967 is as follows:

| | | $ |
|---|---|---|
| Total to September 30, 1966 | | 8,462,851 |
| Expenditures during the period October 1, 1966 to January 31, 1967: | | |
| Current development and preproduction costs including access road | 1,787,084 | |
| Portion of interest on bank loan, income debentures and mortgages | 74,275 | |
| Loss on disposal of fixed assets | 63,868 | |
| | 1,925,227 | |
| Deduct: | | |
| Estimated recovery of costs through production of concentrates during the period of plant testing and tune-up | 304,464 | 1,620,763 |
| Balance at September 30, 1967 | | 10,083,614 |

(b) The preliminary period for the new plant and equipment is deemed completed January 31, 1967.

(c) No amount has been written off the preproduction expenses which are carried on the balance sheet as a deferred charge. Under the Income Tax Act these expenses can be deferred until the end of the three year tax-exempt period. It is the Company's intention to write them off to retained earnings after that period.

### 6. LONG-TERM DEBT

(a) Bank Loan

During the year ended September 30, 1967, the Company received an extension of its repayment terms of the bank loan. To effect this extension the Company approved an increase in the interest rate from 5¾% to 6¾% effective from June 30, 1967. The bank loan is secured by a debenture and under its terms a minimum repayment of $1,026,238 must be made by September 30, 1968, and the final payment is to be made by April 15, 1969. Under an "earnings" clause in the debenture the repayments must be increased if the Company's earnings exceed certain stipulated amounts.

(b) Income Debentures

On July 22, 1965, the Company issued $7,000,000 of Income Debentures bearing interest at the rate of 6% per annum which was subsequently increased to 6½% per annum effective July 1, 1967. The debentures mature June 15, 1973, with a proviso that they may be redeemed earlier at the option of the Company at various times in varying amounts. Accrued interest to September 30, 1967, in the amount of $918,750, is shown on the balance sheet as a current liability. The Trust Deed provides that interest is payable on June 15 of each year commencing in 1968, but only to the extent that income is earned to March 31 immediately preceding such payment date. The debentures are secured by a first fixed and specific mortgage on all assets of the Company and a first floating charge on all assets to be acquired in the future.

(c) Province of British Columbia.

The British Columbia Department of Highways agreed to construct an access road to the Company's property in Strathcona Provincial Park, the cost of which was estimated at $2,000,000 plus or minus 10% and was to be borne by the Company. $1,500,000 has been paid and a balance of $700,000 with interest at 6% is due in 1970.

By a letter dated February 26, 1967, the British Columbia Department of Highways requested the Company to pay for the full cost of construction of the access road, which is presently estimated to be $3,500,000. The Company, on the advice of its solicitors, denied responsibility in excess of its contractual obligation as noted above.

## 7. CAPITAL STOCK

(a) As at September 30, 1967, shares issued, discounts and premiums related thereto were as follows:

| | 1967 | | | | 1966 |
|---|---|---|---|---|---|
| | **Shares** | **Par value** | **Discounts less premiums** | **Net** | **Net** |
| | | $ | $ | $ | $ |
| For cash | 3,859,976 | 7,719,952 | 1,569,423 | 6,150,529 | 5,138,029 |
| For properties | 575,000 | 1,150,000 | 450,000 | 700,000 | 700,000 |
| For services | 345,040 | 690,080 | 270,000 | 420,080 | 420,080 |
| | 4,780,016 | 9,560,032 | 2,289,423 | 7,270,609 | 6,258,109 |

(b) During the year ended September 30, 1967, the Company issued 250,000 common shares for cash totalling $1,012,500.

(c) The Company has granted 10 separate stock options to employees and officers to purchase a total balance of up to 57,000 shares during the period to July 1, 1973, at prices varying from $4.00 to $4.25 per share.

## 8. PARTICIPATION IN FINANCING

Cominco Ltd. has the right to participate in future financing, limited to a proportion equal to the percentage of Cominco's registered shareholdings in the Company at such time.

## 9. WORKING CAPITAL

| | 1967 | 1966 |
|---|---|---|
| (a) Working capital used for deferred preproduction expenses is as follows: | $ | $ |
| Total preproduction expenses (note 5 (a)) | 1,620,763 | 3,748,530 |
| Less: Charges not depleting working capital— | | |
| Loss on disposal of fixed assets | 63,868 | 13,720 |
| Access road financing interest | 31,500 | |
| Income debenture interest | 56,000 | 190,554 |
| | 151,368 | 204,274 |
| Working capital used | 1,469,395 | 3,544,256 |
| (b) Working capital provided by operations is as follows: | $ | |
| Net earnings | 861,344 | |
| Add: Charges not depleting working capital— | | |
| Depreciation | 332,897 | |
| Income debenture interest | 288,750 | |
| Working capital provided | 1,482,991 | |

### 10. INCOME TAXES

Under the provisions of the Income Tax Act the Company is exempt from income taxes for a three year period from the date the Department of National Revenue deems the Company to have commenced operations. The Company has applied to the Department for this date.

### 11. WHOLLY-OWNED SUBSIDIARY COMPANIES

Myra Falls Mines Ltd.
Price Creek Mines Ltd.
Western Mines Holdings Limited
Discovery Terminals Ltd.
Myra Falls Management Ltd.

### 12. COMMITMENTS

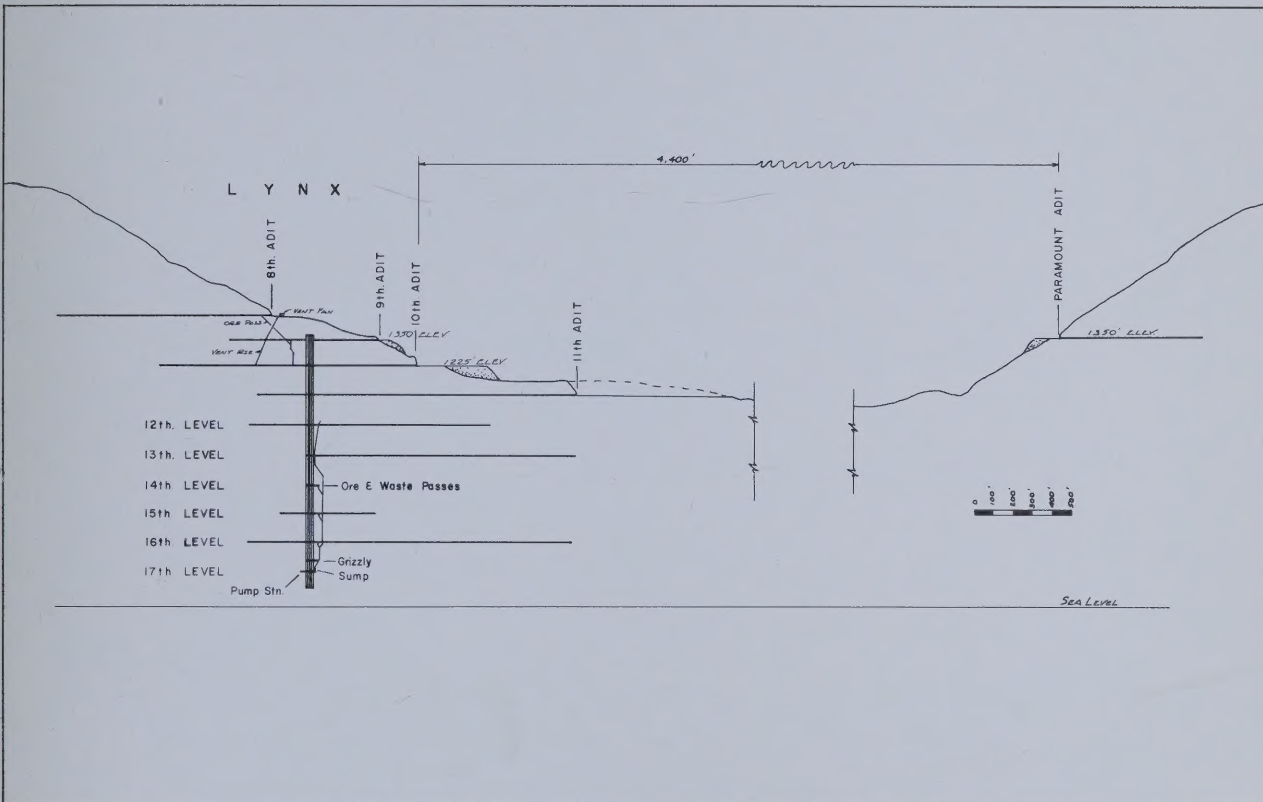
The Company has leased mining equipment for a total commitment of $216,176 due in varying amounts to 1971.

### 13. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year ended September 30, 1967, the directors and senior officers of the Company, as defined by the British Columbia Securities Act, 1967, were paid aggregate remuneration totalling $74,883 for their services as employees of the Company. No directors fees, as such, were paid during the year.

### 14. DIVIDEND RESTRICTION

Pursuant to the provisions of the Trust Deed, the Company may not declare or pay any dividends (other than stock dividends) so long as any of the Debentures remain outstanding.




**CROSS SECTION SHOWING UNDERGROUND DEVELOPMENT**
**AT THE LYNX MINE**
**MYRA FALLS, B.C.**

**OUR COVER**

Loading concentrates at the Company's Discovery Terminals dock at Campbell River, B.C.